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National Intelligence Daily

Thursday 29 December 1983

29 December 1983



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	EGYPT: Diplomatic Activity	
	Cairo is trying to maintain the momentum created by PLO chief Arafat's visit and is becoming more active in a variety of efforts to revitalize Middle East peace negotiations.	25X ⁻
	Minister of State Ghali told an Egyptian parliamentary committee on Sunday that Egypt will seek to exploit Arafat's meeting with President Mubarak by encouraging the Palestinians to resume talks with Jordan. Ghali suggested to US officials that Mubarak could join King Hussein and Arafat in those talks because a return to the	
	bilateral negotiating format of last spring might prove sterile.	25X ⁻
	Foreign Minister Ali stated in New York last week that the Egyptian-French peace initiative, which has been dormant since it was circulated in the UN Security Council in 1982, needs to be revived. Ali later assured US officials that the plan would be modified to bring it	
	up to date and make it acceptable to Washington.	25 X ′
	Ali, Ghali, and presidential adviser al-Baz told US officials in separate conversations that a common formula could be derived from the several peace plans already proposed, including the US initiative, the Fez Arab Summit declaration, and the Egyptian-French plan. Ghali said that such a formula would be needed to make PLO-Egyptian-Jordanian negotiations credible to most Arabs.	25X [.]
	Comment: Egyptian leaders believe that Arafat's visit vindicates Cairo's policy of peace and substantially increases the chances for diplomatic progress in 1984. Next week Egypt becomes a member of the Security Council and France assumes the presidency of the EC, making revival of the Egyptian-French initiative appear even more timely. Cairo's main concern, however, will be to keep the peace process moving without being wedded to any specific plan.	25 X
`	Egypt will avoid any moves that appear inconsistent with the Camp David accords. The visit to Israel today by Under Secretary of	
	Foreign Affairs Shafei Abdel Hamid is intended partly to indicate that Cairo will abide by its agreements with Tel Aviv.	25X1 25X [.]
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SURINAME: Strikes Continue		
Negotiations between the government an country's two bauxite facilities are under way		
indicated they will resort to violence if necess demands.		25 X
The US Embassy reports that a self-appo	pinted spokesman for the	
striking workers who has ties to the radical farranged a meeting between strikers and go	vernment officials on	
Tuesday to discuss grievances. Worker demanded only with economic issues.	ands thus far reportedly	25X
		25 X
The manager at the US-owned Suralco p is possible there today when workers are pa	id for the strike period.	
According to the US Embassy, Prime Ministe company is directly involved in the strike and		257
The electric newer plant at Boronam me	convolide remained shut	25 X
The electric power plant at Paranam, me down yesterday. About a third of the capital		25X
Comment: The government appears to I compromise with the workers. Prolonged ne		
likely.	granding, nonoton, and	25X
Army Commander Bouterse probably ho discussions will appease the strikers tempora		
does not spread or provoke additional public	•	

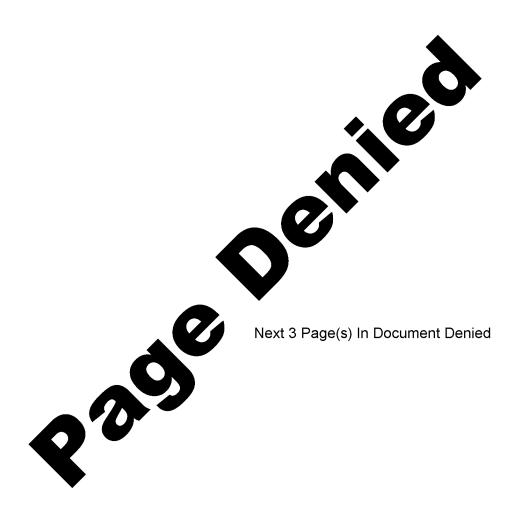
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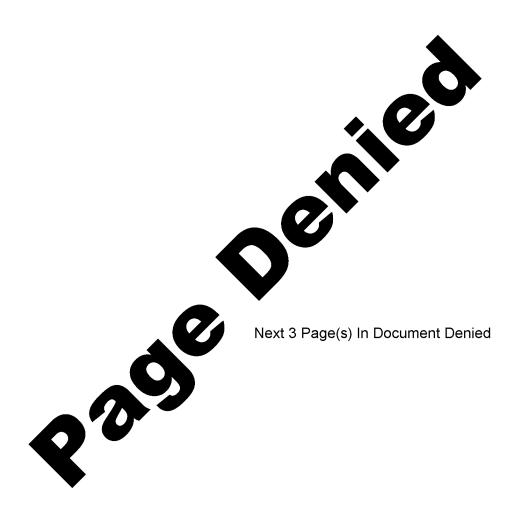
presumably will continue to avoid a confrontation. If the situation

deteriorates further, however, he may take firm action.



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ARGENTINA: Measures To Control the Militar	у	
President Alfonsin's moves to curb the milit	ary continue to gain	
momentum, and the armed forces remain too w		
for now.		
Alfonsin's promotion of officers to head the will force nearly 40 general officers—more than officer corps in the Army alone—into retiremen weeks. The President also has made changes in that subordinate the new commanders to the c	n half of the general t over the next several in the high command	
Minister.	Willan Delense	
antisubversive activities. This enables Alfonsin plans to prosecute former junta members for h Press reports state that the congressional action the judiciary to launch more extensive investigation.	to proceed with his uman rights abuses. n also <u>has enc</u> ouraged	
plans to prosecute former junta members for h Press reports state that the congressional action	to proceed with his uman rights abuses. n also <u>has enc</u> ouraged	
plans to prosecute former junta members for h Press reports state that the congressional action the judiciary to launch more extensive investigation Comment: The military largely anticipated structural changes. Last year some officers pust thorough purge of the high command in the wa	to proceed with his uman rights abuses. In also has encouraged ations. the retirements and shed for a more ke of the defeat in the	
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Comment: The military largely anticipated structural changes. Last year some officers pusthorough purge of the high command in the wa Falklands, and they probably welcome these in Alfonsin, however, may have to contend with judiciary determined to find out who is responsed to the wanted to, the President might not be able to	to proceed with his uman rights abuses. In also has encouraged ations. The retirements and shed for a more ke of the defeat in the ditiatives. The a reinvigorated dible for the er military rule. Even if the moderate civil	
Comment: The military largely anticipated structural changes. Last year some officers pusthorough purge of the high command in the wa Falklands, and they probably welcome these initiations determined to find out who is responsed isappearance of 6,000 to 15,000 persons under the property of the property of the high command in the way for the probably welcome these initiations.	to proceed with his uman rights abuses. In also has encouraged ations. The retirements and shed for a more ke of the defeat in the ditiatives. The a reinvigorated dible for the er military rule. Even if the moderate civil	
Comment: The military largely anticipated structural changes. Last year some officers pusthorough purge of the high command in the wa Falklands, and they probably welcome these initially determined to find out who is responsed is appearance of 6,000 to 15,000 persons under the wanted to, the President might not be able to actions or inquiries that could lead to more external actions.	the retirements and the for a more ke of the defeat in the itiatives. th a reinvigorated ible for the er military rule. Even if no moderate civil nsive investigations of ear to have no figure title choice but to await	



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NICARAGUA: Insurgent Drive Continues

Both sides claim recent successes as the insurgents continue their offensive in northern Nicaragua. 25X1 25X1 A spokesman for the guerrillas says they seized two 25X1 strategic hills near San Fernando on Sunday, and the Sandinistas claim militiamen defeated an insurgent attempt a few days earlier to capture El Cua in western Jinotega Department. 25X1 Comment: The insurgent campaign thus far does not appear to have had any major successes, but the widespread fighting may cause the Sandinistas difficulty with the coffee harvest now in progress. The guerrillas probably hope to control the high ground, including the hills outside San Fernando, to interdict military traffic on 25X1 Nueva Segovia's main roads.

USSR: Economic Goals

Preliminary information on economic goals for 1984 approved yesterday by the Supreme Soviet indicates that industrial production and agricultural output are planned to increase by 3.8 percent and 6.4 percent, respectively. The official defense budget will be essentially the same as the ones published for the last three years.

Comment: The target for industry is roughly the same as the rate of growth achieved in 1983. The goal for agricultural output, on the other hand, is considerably above even the improved performance attained this year. The announced defense budget is of little significance, because the official defense spending figure is far lower than actual expenditures and incompatible with known Soviet force levels and military programs.

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	PLO: Proposed Meeting in Tunis	
	PLO chief Arafat will convene a meeting of the PLO Executive	
	Committee in Tunis soon, according to press sources.	25X 25X
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	Comment: Rebels in the PLO almost certainly will not attend the	
	meeting in Tunis, and they will denounce it as not representing the Palestinian people.	25X
•	Palestillali people.	25/
	The rebels,	25X
•	meanwhile, are likely to continue to work for Arafat's formal ouster.	
		25X

The unconfirmed Minister Cohen-Orga		cement yesterday	
settlements program will add to strains in tinclude this proposal presented to the Cabearlier this month incontinuous settlements freeze.	to trim govern the coalition. C as part of his binet tomorrow	nment spending al cohen-Orgad repor economic progran A public opinion	most certainly tedly planned to n that will be poll conducted
Comment: Many are urging the govern about \$400 million be total settlements free coalition, including the move. In addition, Costaunch supporter of	nment to reduce ecause of the ceze, however, in the three-membershen-Orgad, w	country's economi s unlikely. Ultranat per Tehiya faction, ho lives in t <u>he We</u> s	expenditures of c problems. A ionalists in the oppose such a

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MEXICO: Wage Negotiations

The expected announcement this week of a moderate increase in minimum wages, following intense negotiations among government, business, and union leaders, points to continued strict austerity in 1984. Big labor had publicly called for workers to recoup lost purchasing power, and some businessmen had expressed support for a substantial raise to help boost consumer spending and end the economic decline. The administration, however, views keeping a lid on earnings as crucial to controlling consumption, reducing inflation, and maintaining IMF support. The US Embassy reports that the administration, which projects inflation in 1984 at some 40 percent, aims at avoiding a significant increase—or decrease—in real wages.

Comment: Union leaders, who are an integral part of the political system, probably are willing to accept a 30- to 35-percent increase, particularly if an additional adjustment is proposed for midyear. Demands for larger increases are a negotiating tactic designed in part to head off criticism from nonofficial unions. To keep the rank and file in line, however, labor may push for improved fringe benefits.

BELIZE: Election Implications

The opposition party's recent sweep of municipal elections in Belize City has improved its chances of defeating Prime Minister Price in the national elections that probably will be held late next year. The centrist, pro-US United Democratic Party capitalized on popular discontent over continuing electricity blackouts and deteriorating economic conditions in the city, where one-third of the country's population lives. The opposition victory also has aggravated a split in Price's party between leftist and rightist factions, which US Embassy officials say contributed to its poor showing.

Comment: If Price cannot stop the bickering in his party and at least marginally improve economic conditions, he probably will face his toughest challenge. The opposition has never won a national election and needs to increase its support in rural areas—traditionally the preserve of Price and the ruling party—to win next year. It may be helped by low prices for agricultural products and rising rural unemployment, conditions that are likely to persist until elections are called.

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Special Analysis

EASTERN EUROPE: Involvement in the Gray Arms Market

Eastern Europe is a major source of illicit weapons on the international gray arms market. In addition to military sales to foreign governments, East European nations supply weapons to various African and Palestinian "national liberation" movements. Moreover, most East European countries sell weapons to private arms dealers who resell them—often to insurgent and terrorist groups throughout Europe and the Middle East. Arms sales to gray market brokers advance the policy of encouraging instability in the West and in the Third World, provide an element of deniability, and enable East European nations to earn some \$100 million in hard currency annually. East European involvement in this market probably will increase, both in terms of the quantities and the sophistication of the weapons provided.

East European nations sell weapons to a wide variety of clients and care little about the intentions of the buyers or about restrictions on the future resale of the arms. The lack of effective controls over subsequent resales allows well-made and inexpensive East European weapons originally purchased by private dealers, radical Arab states, and various Palestinian organizations to be transferred to terrorist, insurgent, and criminal groups throughout Europe and the Middle East.

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	Moscow has imposed few restrictions on these transactions. Recent press allegations of Bulgarian—and, by implication, Soviet—involvement in illicit arms transfers, however, may have caused the Soviets to increase their control over East European gray market activities temporarily. Weapons	25 X 1
	The majority of East European sales involve Soviet-designed pistols, assault rifles, and submachineguns, but Czechoslovakia and Hungary also manufacture and sell weapons that fire Western ammunition. In addition East European countries offer man-portable RPG-7 antitank and SA-7 antiaircraft weapons.	25X1 25X1
	Some east European countries also buy and sell large quantities of Western weapons to clients who already have access to Western ammunition to make it difficult to detect their own involvement.	25X1 25X1
	Outlook East European involvement in the gray arms market is likely to increase as a result of the growing demand for weapons throughout the Third World. Moreover, East European nations may begin selling more advanced ordnance to gray market clients to maintain and	
	expand their share of lucrative sales. As a result, substantial quantities of silenced weapons, night vision scopes, automatic grenade launchers, and the newest versions of portable antitank and antiaircraft weapons may soon become regularly available on the international gray arms market.	25 X 1

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